
State of Iowa - Return on Investment Program / IT Project Evaluation

Cover Letter

This ROI is for DHS's Data Warehouse. This program was funded by ITD through the use of pooled resources. The initial ROI proposal indicated this was a multi-year project.

To simplify the ROI review process, the current ROI documentation for SFY 2002 shows only updates to the original ROI submitted. A copy of the original is included with this documentation for reference.

All projections for SFY 2002 and out years are based on no FTE's being authorized for this program. Should FTE's be authorized, the long-term sustaining costs will be significantly reduced.

State of Iowa - Return on Investment Program / IT Project Evaluation

SECTION 1: PROPOSAL

Tracking Number (For Project Office Use)

Project Name: Data Warehouse Date: 9/29/00

Agency Point of Contact for Project: Steve Nicoll, ITS 5

Agency Point of Contact Phone Number / E-mail: 281-8207 / snicoll@dhs.state.ia.us

Executive Sponsor (Agency Director or Designee) Signature: _____
Steve Mosena, Div Admin.

Is this project necessary for compliance with a Federal standard, initiative, or statute? (If "Yes," cite specific requirement, attach copy of requirement, and explain in Proposal Summary) ☐ Yes ☒ No

Is this project required by State statute? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

Does this project meet a health, safety or security requirement? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

Is this project necessary for compliance with an enterprise technology standard? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

Does this project contribute to meeting a strategic goal of government? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

Is this a "research and development" project? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

PROPOSAL SUMMARY:

This ROI covers year 2 of the Data Warehouse program. This project was funded with both IT Pooled resources and Federal monies.

Update

1. Year 2 covers the complete ramp of DHS onto the Warehouse. Approximately 30% of DHS programs, by volume, will be installed during SFY 01 with the remaining 70% in SFY 02. TANF reporting is being added as a first item for inclusion in the Warehouse. Complete ramp means all programs which will benefit, using ROI criteria, from the Warehouse.
2. Year 2 will include a cross-agency integration initiation. The purpose of this new feature is to promote Single-Face-to-Customer, cross-agency mutual support of State goals, and prepare the infrastructure for DHS's e-commerce initiative.

3. No FTE's were authorized in SFY 01, therefore, increased costs are expected through the use of contractors and consultants. The ROI shows these higher costs for purposes of conservatism. If FTE's are authorized in SFY 02, professional fees will decrease and the ROI will increase.

SECTION 2: PROJECT PLAN

The project plan has increased scope to include baseline activities to support a unified front-end to DHS systems and DHS's e-commerce initiative beginning in SFY 02 in accordance with HF 2205.

Update Item 1: Organization Skills

1. Further analysis has determined there will be a significant long-term reduction in reports required through the Bureau of Research & Statistics. This reduction in work load will enable some of those currently in this area to become a foundation help desk for DHS Data Warehouse users. However, additional contract staff will be required during this transition period.
2. No additional changes to Section 2.

SECTION 3: ROI Analysis Update

1. The year to year ROI change (563% to 268%) reflects additional expense due to no FTE's available (none authorized) and planned development activities. Cost savings available through FTE staffing is approximately \$612,700 in SFY 02.
2. An additional estimated \$1,000,000 is added to annual project benefit stemming from cost savings anticipated in DHS's e-commerce initiative and DHS's unified front-end initiative. Both these programs will need detailed data mapping of current systems. This mapping is being done to support the Data Warehouse. By integrating the requirements of these two additional initiatives into the mapping for Data Warehouse, neither program will have to accomplish this task. It is estimated each program will conservatively save \$500,000 in development costs. These savings have been built into the funding requests by both initiatives.
3. Worst case projections were used for hardware expenses. Currently, DHS pays \$32,000 monthly usage fees to ITD for the Teradata system. As more programs are added, it is anticipated these fees will increase. A 3x factor was used. Based on total costs borne by ITD to support DHS and other programs with this system, the relevant cost range is anticipated between \$32k and \$96k monthly. For purposes of conservatism in ROI calculations, the \$96k monthly amount was planned.

SECTION 3: Return On Investment (ROI) Financial Analysis

Project Budget:

Provide the estimated project cost by expense category.

Personnel	\$ 0
Software	\$ 200,000
Hardware.....	\$1,150,000
Training	\$ 125,000
Facilities	\$ 38,125
Professional Services.....	\$3,097,875
Supplies	\$ 115,000
Other (Specify).....	\$ 0
Total	\$4,726,000

Project Funding:

Provide the estimated project cost by funding source.

State Funds.....	\$2,457,520	52.00	% of total cost
Federal Funds	\$2,268,480	48.00	% of total cost
Local Gov. Funds	\$	% of total cost
Private Funds	\$	% of total cost
Other Funds (Specify)	\$	% of total cost
Total Cost:.....	\$4,726,000	100.00	% of total cost

How much of the cost would be incurred by your agency
from normal operating budgets (staff, equipment, etc.)? \$0 0%

How much of the cost would be paid by "requested IT project funding"? ... \$2,457,520 52.00%

Provide the estimated project cost by fiscal year: FY02 \$4,726,000

FY03 \$2,650,000

FY04 \$1,950,000

ROI Financial Worksheet Directions (Attach Written Detail as Requested):

Annual Pre-Project Cost -- Quantify, in written detail, all actual State government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Annual Post-Project Cost -- Quantify, in written detail, all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Citizen Benefit -- Quantify, in written detail, the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses (hidden taxes) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses.

Opportunity Value/Risk or Loss Avoidance Benefit -- Quantify, in written detail, the estimated annual benefit to Iowa citizens or to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Total Annual Project Benefit -- Add the values of all annual benefit categories.

Total Annual Project Cost -- Quantify, in written detail, the estimated annual new cost necessary to implement and maintain the project including consulting fees, equipment retirement, ongoing expenses (i.e. labor, etc.), other technology (hardware, software and development), and any other specifically identifiable project related expense. In general, to calculate the annual hardware cost, divide the hardware and associated costs by three (3), the useful life. In general, to calculate the annual software cost, divide the software and associated costs by four (4), the useful life. This may require assigning consulting fees to hardware cost or to software cost. A different useful life may be used if it can be documented.

Benefit / Cost Ratio -- Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the project funds requested.

Benefits Not Cost Related or Quantifiable -- List the project benefits and articulate, in written detail, why they (IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.) are not cost related or quantifiable. Rate the importance of these benefits on a "1 – 10" basis, with "10"

being of highest importance. Check the “Benefits Not Cost Related or Quantifiable” box in the applicable row.

ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
A. Total Annual Pre-Project Cost:	N/A – New Program

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
B. Total Annual Post-Project Cost:	N/A – New Program
State Government Benefit (= A-B):	N/A – New Program

Annual Benefit Summary

State Government Benefit:	
Citizen Benefit (including quantifiable “hidden taxes”):	
Opportunity Value and Risk/Loss Avoidance Benefit:	
C. Total Annual Project Benefit:	\$7,326,661
D. Total Annual Project Cost:	\$724,035
Benefit / Cost Ratio (C / D):	10.12
ROI (C – D / Project Funds Requested):	268.67%

☐ Benefits Not Cost Related or Quantifiable (including non-quantifiable “hidden taxes”)